



RA Track 2: Multi-Year Proposal

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Current RA program must transform in three primary ways:

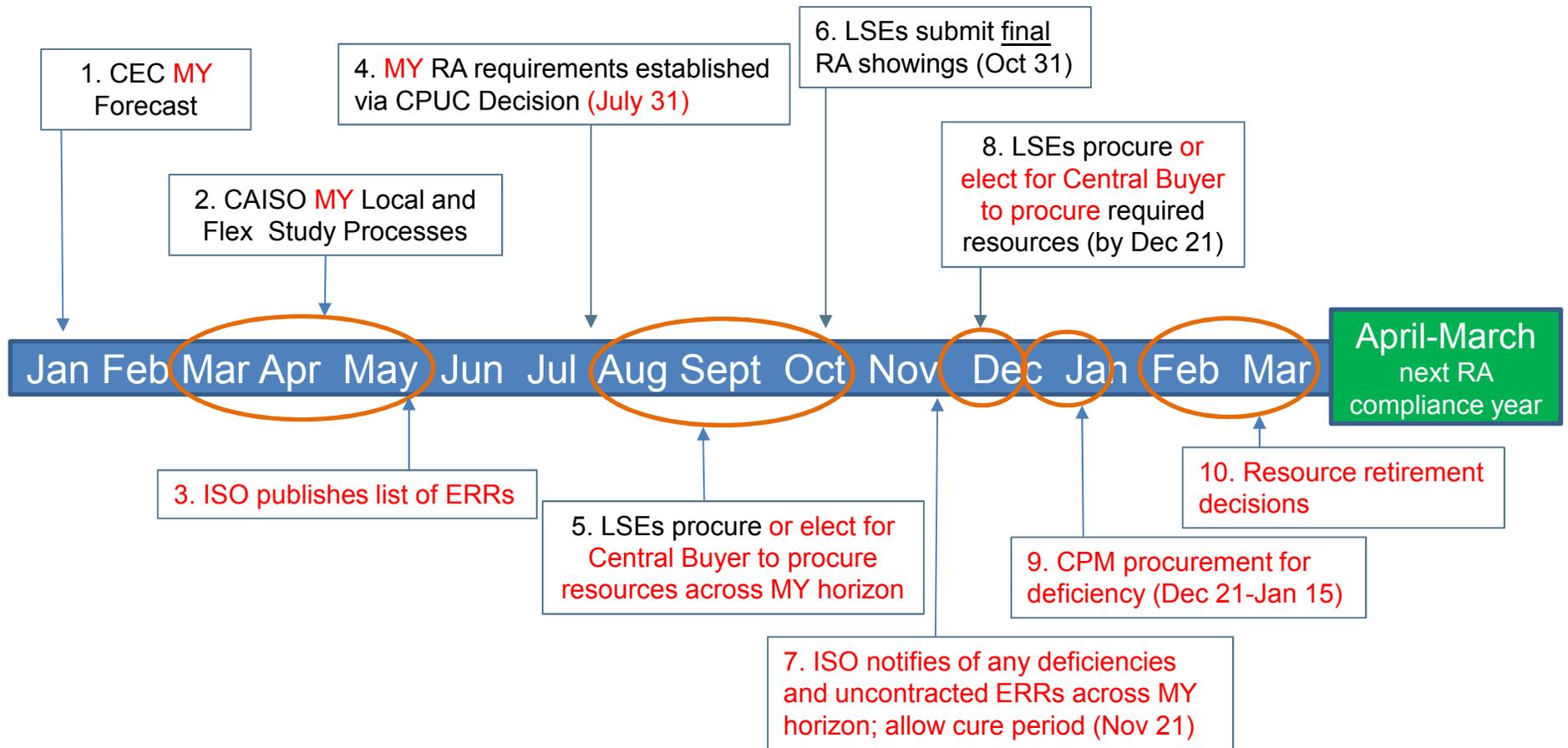
- **In structure –**
 - Move to multi-year procurement paradigm for all capacity types
 - Central buyer to ensure procurement of essential reliability resources and residual capacity needs
- **In substance –**
 - Institute multi-year RA forecasting and needs assessments
 - Resolve load migration concerns and responsibilities
 - Refine RA resource capacity counting and qualification criteria
- **In process –**
 - Adjust timeline to:
 - Ensure key information is available to inform procurement and assessments can be timely completed
 - Give sufficient time and notice for retirement decisions

The CAISO proposes a rolling three-year procurement requirement for local, system, and flexible RA capacity

<i>Capacity Type</i>	Year 1	Year 2	Year 3
<i>System</i>	100%	100%	80%
<i>Local</i>	100%	100%	80%
<i>Flexible (pre-FRACMOO2)</i>	100%	80%	80%
<i>Flexible (post-FRACMOO2)</i>	100%	100%	80%

- Three years provides greater procurement certainty for existing generators but still allows for a rapidly changing load and resource mix
 - *i.e.* Facilitates a systematic retirement process for existing resources while as a new resource mix replaces the existing fleet
- Procurement levels below 100% in year 2 likely leaves marginal resources, beyond the essential reliability resources, at risk-of-retirement
 - 100% needed for marginal resources to support maintenance and upgrades, 95% requirement still leaves some resources at risk-of-retirement
- Risks of stranded procurement mitigated by existence of central buyer and decreasing percentages in year 3
- Initial flexible RA requirements reflects forthcoming changing to the flexible RA products

April through March Year-Ahead with Central Buyer under Multi-Year (MY) Procurement Framework



Note: new timeline resolves current problem where Jan and Feb month-ahead showings occur before final CPM.

The CAISO is prepared to accommodate a multi-year procurement with central buyer framework

- ISO staff will conduct studies to support multi-year procurement obligations, as needed
- Identify and publish essential reliability resources in addition to identified procurement deficiencies
 - Advance notice to resource owners if designated an ERR
 - Indicates resources that must be procured across procurement horizon
- Assess and modify tariff to support multi-year RA framework
 - Ensures multi-year procurement applies to all LSEs, including commensurate multi-year backstop procurement authority